

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-07 NEA-10 IO-13
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FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 2764
INFO AMEMBASSY LONDON PRIORITY
AMEMBASSY PARIS
AMEMBASSY BRUSSELS
AMEMBASSY MANILA
AMEMBASSY TOKYO
AMEMBASSY BANGKOK
AMEMBASSY BUENOS AIRES
AMEMBASSY CAIRO
AMEMBASSY CANBERRA
AMEMBASSY PRETORIA
AMEMBASSY GEORGETOWN
AMEMBASSY GUATEMALA
AMEMBASSY MOSCOW
AMEMBASSY NEW DELHI
AMEMBASSY OTTAWA
AMEMBASSY PORT LOUIS
AMEMBASSY SANTO DOMINGO
AMEMBASSY SUVA
AMEMBASSY MBABANE
AMEMBASSY MEXICO
USMISSION GENEVA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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USEEC

E.O. 11652: N/A
TAGS: EAGR, ETRD, BR
SUBJ: BRAZILIAN FOREIGN MINISTRY VIEWS ON US PLAN FOR SUGAR
STOCKHOLDING AND FINANCING

REFS: (A) STATE 157272, (B) STATE 157273, (C) STATE 157953

1. SUMMARY. PRELIMINARY ASSESSMENT BY GOB FOREIGN MINISTRY OFFICIALS OF US CONCEPT FOR SUGAR STOCK-HOLDING AND FINANCING IS THAT IT IS UNACCEPTABLE TO BRAZIL IN ITS PRESENT FORM, BUT THAT IT WILL SERVE AS A USEFUL POINT OF DEPARTURE FOR LONDON SUGAR CONSULTATIONS. END SUMMARY.

2. ECONOFF CALLED ON PAULO DYRCEU PINHEIRO, CHIEF OF FOREIGN MINISTRY'S COMMODITY DIVISION, AND JORIO DAUSTER, COMMODITIES DIVISION SUGAR OFFICER, JULY 14 TO PRESENT OUTLINE OF US CONCEPT FOR SUGAR STOCKHOLDING AND FINANCING (REF B) AND TO STRESS THE IMPORTANCE THE US PLACED ON THE LONDON SUGAR CONSULTATIONS (REFS A AND C).

3. PINHEIRO AND DAUSTER WERE ALREADY FAMILIAR WITH THE US CONCEPT, SINCE IT HAD BEEN PASSED TO THEM BY THE BRAZILIAN EMBASSY IN WASHINGTON. ACCORDING TO PINHEIRO AND DAUSTER, THE GOB HAS NOT YET FORMULATED AN OFFICIAL POSITION ON THE DOCUMENT BECAUSE THE GOB SUGAR AND ALCOHOL INSTITUTE (IAA) WAS STILL STUDYING IT. SPEAKING INFORMALLY, HOWEVER, PINHEIRO AND DAUSTER NOTED THAT IT WOULD BE UNLIKELY THAT BRAZIL WOULD SUPPORT THE US PROPOSAL AS CURRENTLY FORMULATED. BRAZIL, BELIEVES THAT STOCKS OF 3 MILLION TONS ARE EXCESSIVE, AND WILL LIMITED OFFICIAL USE

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HOLD OUT FOR A FIGURE OF 2 MILLION TONS AT MOST. DAUSTER COMMENTED THAT THE FINANCING SCHEME CONTAINED IN THE US PROPOSAL WAS NIGGARDLY. HE SAID THAT EVEN FOR A LARGE PRODUCER SUCH AS BRAZIL THE US PLAN WOULD ONLY BE WORTH ABOUT US DOLS 1 MILLION IN THE FIRST TWO YEARS AND LESS IN THE THIRD, AND FOR SMALLER PRODUCERS THE FIGURES WILL BE EVEN LESS. DAUSTER AND PINHEIRO ALSO COMMENTED THAT THE US PLAN COVERS ONLY CARRYING COSTS, WHILE THE CAPITAL COSTS OF SUGAR STORAGE COULD BE QUITE LARGE.

4. THE OFFICIALS CONCLUDED BY SAYING THAT IN GENERAL THEY PREFERRED THE ORIGINAL US PROPOSAL PRESENTED AT THE MAY NEGOTIATIONS, BUT THAT THE NEW PROPOSAL WILL SERVE AS A USEFUL POINT OF DEPARTURE FOR THE LONDON CONSULTATIONS.

5. DAUSTER AND PINHEIRO WERE QUITE INTERESTED IN HOW THE OTHER COUNTRIES PARTICIPATING IN THE CONSULTATIONS REACTED TO THE US PROPOSAL. THEY WERE PARTICULARLY INTERESTED IN THE REACTION OF JAPAN AND CUBA. DAUSTER COMMENTED THAT IF CUBA DIDN'T START TO BE MORE OPEN,

ESPECIALLY WITH ITS EXPORTER COLLEAGUES, IT WOULD FIND
ITSELF IN AN ISOLATED POSITION.

6. PINHEIRO (WHO HAS THE RANK OF COUNSELOR) WILL LEAD
BRAZIL'S DELEGATION TO THE LONDON MEETING. HE WAS
SURPRISED WHEN INFORMED THAT KATZ WOULD LEAD US DELEGA-
TION, AND EXPRESSED THE VIEW THAT BRAZIL REGARDED THE
LONDON MEETING AS ONLY PRELIMINARY TO THE NEXT MEETING
IN GENEVA AND EXPECTED LITTLE REAL NEGOTIATING TO TAKE
PLACE.
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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, SUGAR, GOVERNMENT REACTIONS, STOCKPILES, ECONOMIC PROGRAMS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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ISecure: 1
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TAGS: EAGR, ETRD, BR, US
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